COURTESY TRANSLATION OF THE WITNESS STATEMENT OF LEONEL RAMOS TORRES

My name is Leonel Ramos Torres. I provide this witness statement in response to the allegations made by METALCLAD Corporation in relation to the events that transpired while I was Municipal President of Guadalcázar, San Luis Potosí.

1. I was president of Guadalcázar Municipality in San Luis Potosí (SLP) from January 1, 1995 to September 26, 1997. The Municipality has 27,000 inhabitants, and 10,000 of these workers are employed.

2. I started my electoral campaign in August of 1994. Since my campaign, one of the main problems that I faced was the hazardous waste landfill issue due to the serious environmental problem caused to the area as a result of the deposit of more than 55,000 containers of hazardous waste that had not been properly disposed of. The issue has provoked strong opposition since the early nineteen nineties.

3. During the campaign, I ran against the Partido Autentico de la Revolución Mexicana (PARM). It is a known fact in the municipality that their campaign was supported and financed by METALCLAD with the goal of reopening the landfill. Nevertheless, one of the main reasons why María Concepción Pineda lost the election was that the majority of the people in the Municipality did not want a hazardous waste landfill.

4. I have read the paragraphs in the Memorial that refer to my participation. In response, I can say that the following is what really occurred:

5. During my presidency, I held discussions with the company's legal representatives without reaching any agreement.

6. The Spanish version of the Memorial, at page 85 [English version, at page 86] notes that the company extended an invitation to me for the landfill's opening ceremony on March 10, 1995. This claim by the company is false. I was never invited, and I did not attend the landfill's opening ceremony on March 10, 1995. In fact, I learned of it that same day when I was informed of the public demonstration organized by the community.

7. At page 87 in the Spanish version of the Memorial, [English version, at page 88] it is alleged that Dr. Pedro Medellín Milán met with me to organize the public opposition at the entrance to the landfill on March 10, 1995. This allegation is false. During my administration and in my role as Municipal President I never organized nor participated in any public demonstration. On the afternoon of March 10, 1995 I was working at the Municipal City Hall, as mentioned above, when I was informed that a group of people from the Municipality, El Entronque, El Huizache, Los Amoles and the surrounding areas

had organized to block the opening of the landfill. In fact, far from having organized a public demonstration, I had to intervene in order to persuade the demonstrators to leave the landfill to allow the guests who had attended the "grand opening" to leave. That day, I went to the landfill with the sole purpose of preventing a confrontation between the company's personnel, (between the people from the surrounding communities employed by them) the guests, and the general population which did not share the same perspectives as those who are paid by the company.

8. At page 88 of the Spanish version of the claim [English version, at page 89], it is alleged that more than 100 paid demonstrators reached the landfill installation, transported by vehicles owned by the state of San Luis Potosí, where they aggressively prevented the guests and personnel from leaving. What I observed when I arrived at the landfill that evening, was a genuine public demonstration held by the community, and, by no means, orchestrated with transported, paid people. Moreover, upon arriving at the site, I could see that the people of the community had arrived by their own means that is in their own vehicles or in vehicles owned by other people in the community. There were no buses that were property of the state government; the only buses present were those for the transportation of the guests, waiters, musicians, etc. who attended or were to attend the "opening ceremony" in addition to those items necessary for the opening (food, soft drinks, beers, etc.). Some of these people who arrived after the demonstrators, were denied entrance to the landfill. However, this was not a violent public demonstration, nobody carried fire arms, contrary to what the company alleges. I did not observe any of the demonstrators drinking alcoholic drinks, as the company also alleged (not even food was consumed, even though it was past four o'clock) and certainly, none of them were intoxicated. I believe that the community exercised their right to demonstrate their complete opposition to the opening of the landfill. From what I observed, the local people in the landfill on the day of the opening were those who worked at the facility.

9. At page 95 in the Spanish version of the claim, [English version, at page 96] it is emphasized that a monument of the Mexican hero Benito Juarez pointing to the north was erected, with the inscription: *"Nadie Olvide que la Patria es Primero"* [Never forget, the Nation is first], wanting to imply that there was a general sentiment against foreigners. This does not have any relation with the opening of the hazardous waste facility and in my opinion it is irrelevant. During Governor Jongitud's administration in the mid-eighties, this statue was created, but was abandoned. Many municipal presidents of the area had requested that the state donate it to us. In fact, there are have also been suggestions made to the State Congress to change the name of the Ejido de Charco Blanco to Ejido Benito Juárez and this had nothing to do with the company or the landfill. Finally, during Governor Sánchez Unzueta's administration, the State donated the monument to Guadalcázar. We decided to locate it on a hill at the juncture between the road to the Municipal Head and Highway 57, because in accordance with history, Benito Juárez crossed this spot on his way to the North. Moreover, it is situated in one of the most visible spot given that it is in one of the most important highways in the country. The image and significance of Benito Juárez's has nothing to do with the landfill, and the monument has nothing to do with any desire to injure the company. In fact, it is fitting to

note that the statute is found 40 km away from the hazardous waste facility.

10. During my Municipal administration, I never referred to Metalclad as a foreign company in my statements. I referred to the problem the landfill created, as it was located a few meters away from a village, over some underground rivers and near some creeks. My opinion also reflects the population's sentiments. I had several meetings with the company, and my prime objective, which I made known to them, was to express my concern over the site's remediation. The representatives of the company expressed their need to operate the hazardous waste landfill. I do not have anything against foreigners who invest in San Luis Potosí nor against the existence of landfills. On the contrary, I recognize that foreign investment is needed in the State and that landfills are necessary; however, they, definitively, do not belong near a community, underground rivers or a creek. There are proper sites for this type of company to be established and operated without any problem as has been shown by several studies in the area. Attached, as Exhibit 1, is a site viability study.

11. At pages 74, 91 and 98 in the Spanish version of the Memorial [English version, at pages 75, 92 and 99], it is mentioned that an investigation of public opinion on August 6, 1995 completed by a group of local economists shows that 97% of the population surrounding the area supported the landfill's opening. In the largest community, 33% of the population were not informed of the project, 38% were in favor, and 31% were not interested. The company also undertook efforts to petition the Governor in the community and gathered 530 signatures from community residents, who were in favor of the project. In addition, in August of 1995, a group of UASLP professors carried out an investigation on public opinion in Guadalcázar, which showed that 82% of these people were in favor of the project. I can guarantee the Tribunal that almost total opposition to the landfill facility exists, and therefore I find such results difficult to believe, especially in light of my own experience as president of the Municipality. I doubt that the signatures were expressly obtained as a show of support for the opening of the hazardous waste landfill It is possible that they were gathered by saying that they were in support of political candidates.

12. In regards to page 118 of the Memorial and the testimony of Mr. Gustavo Carvajal relating the efforts made since the meeting in October 30, 1996 held in the Government House, in San Luis Potosí city, by both the Municipal authorities and the company to find a solution leading up to an Agreement on January 8, 1997. It is noted in paragraph 119 on page 11 of Mr. Carvajal's statement, that at the October 30th meeting, the representative, at least on two occasion municipal officials, indicated that the license would not be a problem. Later on, following METALCLAD's presentation of a proposal, the company alleges that from November 21, 1996 to December 18,1996, Carvajal called me twice daily without receiving any response (page 14). He then states that at the December 26th meeting, the Municipal representatives point out that if the company wants to reach an Agreement it was necessary that METALCLAD abandon the investment in La Pedrera so that another company would operate the landfill, in addition to METALCLAD abstaining from participating in municipal politics during the elections (page 15). As well, it is

indicated that we agreed, that "the company would remediate the transfer station and operate the landfill simultaneously;" that we should jointly develop a strategy to deal with the opposition problem because we recognized that it is impossible to have 100% support (pages 15 and 16). Finally, that we sign the agreement on January 8, 1997 and that once the agreement and the subsequent protocol were signed, the municipal construction license would not be a problem for the company.

The depiction of the company and Mr. Carvajal is inaccurate and deceptive. The situation that prevailed in the Municipality of Guadalcázar should not be lost: there existed an ecological problem (created by hazardous waste deposited in La Pedrera in violation of any applicable law) which, at the same time, created a serious social problem in the Municipality. When I assumed the Municipal Presidency, these were old problems. I want to say that, given this situation, I was always open to dialogue with the best predisposition towards finding a solution to the problem, but never at the cost of ignoring the community of Guadalcázar. The landfill dump has been closed since 1992 as a result of community pressure and because of this no solution would be successful without the community's consent. On page 6 of his testimony, Gustavo Carvajal notes that at any moment (he did not state precisely when) I told him that he had to understand my position that even if I was convinced that the landfill was secure - I never said, as Carvajal indicates, that, in effect, that is how I saw it - my community was fearful and thought otherwise, and I had to supported their position. In fact, I informed them of this many times and it was a principle that I followed throughout my attempts to resolve the problem with the company. I was obligated by the peoples' vote, that is to say, I was elected Municipal President by the vote of the same community, which strongly opposed the landfill, and I could not make such critical decisions behind their back or against their will. I was the link between the community's positions and the company's proposal. It was under these conditions that I undertook all efforts to find a solution.

On October 30, upon the Governor's request, we met at the Government house to analyze the alternative solutions to the problem, however, it is an error to say that on two occasions (not even once) we said that the construction license would not be a problem. During my administration and all others, the Municipality has always held that the company did not have a municipal construction license and much less a municipal license to operate, which were essential requirements set out in the *Código Ecológico y Urbanao del Estado de San Luis Potosí* (Ecological and Urban Code of the State of San Luis Potosí) and in the *Ley de Hacienda para los Municipios del Estado de San Luis Potosí* (Financial Act for the Municipalities of the State of San Luis Potosí). The company had already requested the construction license twice and on both occasions it was denied, because they did not fulfill the legal requirements. The second time that the license was denied, the company sought an *amparo* against the Council's decision; but the rejection was reinforced by the decision of the court which stayed the proceedings.

We continued with the negotiation process and the company presented a proposal. After this, Carvajal called me a few times by telephone, I do not recall how many times, but it was not twice a day, every day, as he alleges. Nevertheless, the year was coming to an end

and I had many other responsibilities to attend to. I frequently had to travel throughout the Municipality, to inspect works in addition to many other matters. Consequently, I was not there when he called nor was it possible for me to return his calls. Towards the end of the year there is a lot of work that needs to be done, and it is not true that I did not want to take his calls, as is implied.

The statement that at the December 26th meeting the Municipal representatives said that one of the conditions to enter into an agreement was that "another company must operate the landfill" is also false. We did say that the image of METALCLAD and COTERIN in the Municipality had been very negatively impacted, so that it would be beneficial if another company was placed in charge, but we never decided on anything about the operation. For the Municipality, it was fundamental that the site be remediated, and the company said that they needed to operate, but this was one of the questions that remained unresolved. Carvajal also maintains that we agreed to develop a joint strategy in order to deal with the problem presented by the opposition, even if it was not 100% resolved, so as to give the impression that we had already reached an agreement on the operation of the landfill. This is also inaccurate, as is also the supposed fact that in January of 1997 when we signed the agreement and the protocol, we said that the license would not be a problem anymore because we did not know what the final agreement would be. The Municipality's position could be clearly seen in the Agreement of Understanding. It is clear that in point 1.2, the parties recognize the need to remediate. Point 1.4 indicates that "the convenants and agreements must be made through consensus with the community of the Municipality" and in point 1.5 that "to commence the operation of the landfill it is required that the majority of the community support any decision made in this respect."

It was made perfectly clear that we would not take actions behind the back nor without the consent of the community. There was not any agreement allowing for the company to operate, as METALCLAD pretends to believe. The parties reached an agreement on the remediation, but not with regards to the operation, as is shown in point 2.3, that notes that the parties "agree that the remediation and, in this case, the operation... will be carried out by another company." Moreover, upon discussing the operation, we agreed that, in any event, it would handle non-hazardous waste. As well, point 1.3 establishes that "the parties recognize that the "Company" in order to remediate the site needs, due to both technical and economical reasons, to commercially operate the waste landfill and non-hazardous waste deposit." It should be mentioned that Gustavo Carvajal may have eliminated this last sentence in his notation of the Agreement of Understanding in his witness statement.

Finally, it is also deceptive to state that when the agreement and the protocol are signed, the construction license would no longer be a problem, given that Carvajal seems to imply that we had committed ourselves to issue the construction permit. This must be analyzed within its proper context: the construction license will not be a problem if the final agreement was regarding remediation, nor would it be if the agreement were for the operation of a non-hazardous waste landfill, or if the community had given their consent; but, this did not apply regarding the operation of the hazardous waste landfill. However,

none of these hypothesis manifested themselves.

13. Finally, I refer to all the accusations made by the company against me and regarding my relations with a company located in the state of Nuevo León called RIMSA. I state that I have never had any relation or contact with any official of this company, moreover, I have never received any compensation from RIMSA so as to impede COTERIN's operation in Guadalcázar.

14. I make this statement with the intention of providing evidence that will assist this Tribunal resolve the dispute. I am aware that I can be called to provide more oral evidence and to be cross-examined on the evidence I am presenting. I make this statement under oath to tell the truth and with respect to such matters which I did not directly witness, I declare the information in my witness statement is to my understanding accurate, and the best of in my mind of the events that took place.

I make this statement with the intention of providing evidence that will assist this Tribunal in resolving the dispute. I am aware that I can be called to provide further testimony and to be cross examined for the evidence I present. . I make this declaration with the promise to tell the truth and, in those areas where I have testified on matters which I did not witness directly, I declare that the information contained in my witness statement is in my understanding and to the best of my knowledge the most accurate information.

SIGNED IN THE ORIGINAL:

Leonel Ramos Torres